

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 8113
BILL NUMBER: SB 432

DATE PREPARED: Feb 1, 2001
BILL AMENDED: Feb 1, 2001

SUBJECT: Graduation rates.

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FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides a method for determining high school graduation rates by cohort of students, beginning with the class of students who expect to graduate from a public high school or an accredited nonpublic high school during the 2005-2006 school year. It defines "cohort" as a class of students within a high school who have the same expected graduation year. It requires a school corporation to submit an annual report to the Department of Education (the Department) setting forth the number of students who have left a cohort and categorizing the students' reasons for leaving. It requires the Department to annually audit at least 10% of the school corporations to determine the accuracy of the information reported.

Effective Date: July 1, 2001; January 1, 2006.

Explanation of State Expenditures: The Department would experience an indeterminable increase in administrative expenses regarding the annual audit and publication requirements of this bill. Likely expenses could include but are not limited to the following items: 1) computer reprogramming costs; and 2) the possibility of hiring additional staff. In addition, the Department would be required to adopt rules regarding new graduation rate formulas (to replace existing formulas) and the implementation of audit and publication requirements.

Under current Indiana law, the Department establishes the manner in which dropout and graduation rates are to be determined by Indiana's 294 school corporations and by Indiana's approximately 40 accredited nonpublic high schools. In accordance with this bill (beginning with the 2005-2006 school year), the Department would be required to estimate the graduation rate of its school corporations, and to audit 10% of the school corporations to ensure that they are accurately calculating their new drop out and graduation rates in accordance with the provisions of this bill.

The funds and resources required above could be supplied through a variety of sources, including the

following: 1) existing staff and resources not currently being used to capacity; 2) existing staff and resources currently being used in another program; 3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; 4) funds that, otherwise, would be reverted; or (5) new appropriations.

Based on the 07/09/00 state manning table, the Department of Education has 375 authorized positions of which approximately 75 are currently vacant.

Indiana Administrative Code- This bill would require that provisions in the Indiana Administrative Code providing for graduation and dropout rates be removed by the Indiana Legislative Services Agency (LSA). LSA would incur minimal administrative time and cost due to this provision.

Explanation of State Revenues:

Explanation of Local Expenditures: School corporations would experience an indeterminable increase in administrative expenses regarding the record keeping and annual reporting requirements to the Department in accordance with this bill. The specific effects would vary from school corporation to school corporation, and would depend upon the size and number of high schools within each school corporation.

Explanation of Local Revenues: School corporations could experience fluctuations in school performance based awards, granted by the State, which are based on certain criteria including improvement in student graduation rates. The specific effects would vary between school corporations, and would depend upon how each school corporation's graduation rate is affected by the new formulas contained within this bill.

Public Law 273-1999 appropriated from the State General Fund, \$3,250,000 for FY 1999-2000 and \$3,250,000 for FY 2000-2001 for performance based awards.

State Agencies Affected: Department of Education.

Local Agencies Affected: School Corporations and Accredited Nonpublic High Schools.

Information Sources: ; DOE ORACLE Data Tables; State Manning Table (07/09/00).